

**Board of Finance**

**Richard Miecznikowski, Chairman**  
**John Smith, Vice Chairman**  
**Arthur J. Ward, Mayor**  
**Jake Carrier**  
**Lisa Casey**  
**Greg Fradette**  
**Cheryl Thibeault**  
**Paul Tonon**  
**Robert Vojtek**



**City Council**

**Arthur J. Ward, Mayor**  
**Eric Carlson**  
**Kenneth Cockayne**  
**Derek Czenczelewski**  
**Kevin Fuller**  
**Henri Martin**  
**Dave Mills**

***City of Bristol***

May 15, 2013

***BOARD OF FINANCE CHAIRMAN'S BUDGET MESSAGE***

**TO THE CITY COUNCIL, CITIZENS AND TAXPAYERS OF BRISTOL:**

As we adopt our budget today, May 15, 2013, there are many unanswered questions related to the state budget and how it will affect municipalities. However, there is continuing support to increase Education Cost Sharing funding to reflect real cost of adequately educating our students. There is a \$700 million shortfall to all municipalities. Also, instead of having 4 to 4.5% cost for special education there is a move by legislators to decrease the cost 2.5%. It would be beneficial to all cities if costly unfunded mandates be eliminated. With thoughtful compromise by the legislators, hopefully the manufacturing grant, the pilot reimbursement, and other grants can be restored. In spite of these uncertainties, the Board of Finance, the Comptroller's Office, the Mayor, and the Council has been able to adopt a budget increase of .60 mills. Due to revaluation most taxpayers will not have an increase in their taxes.

**Breakdown of Increasing Expenditures and Declining Revenues**

**Expenditures**

The Board of Finance had to bridge a gap of \$9.2 million between requests and revenues.

- Requests totaled \$185.1 million from the City side and Board of Education. This is an \$8.2 million increase over the current budget
- The Board of Education request increased \$5,029,244 or 4.90%, however an increase of \$1.6 million or 1.56% is being approved, increasing the Minimum Budget Requirement
- General City requests increased by \$3.2 or 4.35%, however the budget approves an increase of \$2.1 million or 2.94%
- The largest City Department increase of \$300 thousand was from the Police Department due to the arbitration contract settlement, which was open since June 30, 2010
- The smaller General Government City departments decreased by \$80,692 or - 1.37% adhering to the Mayor's request to come in with budget requests at 0-2%

## **Transmittal Letter – (continued)**

### Revenue Decline

The City is estimated to lose approximately \$1 million in revenues from the State of CT

- The Manufacturing Inventory Grant and School Transportation Grant from the State have been eliminated with the Governor's proposed budget and Appropriations Committee recommendation

### Strategies used in balancing the 2013-2014 budget:

- Department Heads were asked to submit a budget between zero and two percent
- Minimal bonding of the Ten Year Capital Improvement Plan
- Continue to develop and implement fiscal policies to keep the City's bond rating strong
- Develop a plan to prioritize Capital spending in a way that spread these costs over time to minimize the tax impact

### Budget Highlights

The Grand List decrease 12% due to revaluation from \$4.32 billion to \$3.78 billion.

The initial gap between revenues and expenditures was \$9.2 million representing a 2.45 mill increase to the mill rate and a 4.67% budget increase to start the process.

The Mayor declared an economic emergency which extended the final budget adoption date from May 20 to June 6 due to uncertainty of the state budget process.

Capital requests within the General Fund were preserved with \$700 thousand funded for Public Works Capital Outlay.

Health Insurance increase 11.5% this year for employee health benefits based on the City's consultants cost projections.

The reliance on the use of Fund Balance was reduced by \$130 thousand with an attainable near term goal of zero within two to three years, which will help our bond rating.

\$2.9 million was used from the Capital Projects Fund from the State reimbursement for the two high school projects.

The Board of Education Fund request was significantly funded. A surplus for 2012-2013 is predicted at \$1.4 million. During fiscal year 2012-2013 BOE had a surplus of \$800,000. The minimum budget requirement is being increased in 2012-2013 by appropriating additional Excess Student Cost Funds. Alliance district funding is also being received, within the final amount unknown.

To recap, the current mill rate is 28.75 and after revaluation the equalized mill rate is 32.90. The proposed mill rate increase is .60 to bring the new mill rate to 33.50, which is a 1.8% increase.

If the state budget eliminates City revenues further, we will not increase the mill rate and will draw down on our reserves.

## **Transmittal Letter – (continued)**

### Summary

Bristol's finances have strong financial management from the Mayor, City Council, Board of Finance, as well as a very dedicated and efficient Comptroller's Office. We also have a very strong reserve which results in favorable ratings by Standard & Poor's for future borrowing. We also have promoted strong economic incentives for business growth to attract more companies to our City which would create jobs and increase our Grand List. In closing, some of the cuts and efficiencies we are trying to achieve will build a stronger foundation for future budgets.

### **ACKNOWLEDGEMENTS**

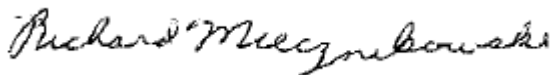
I personally want to recognize every member of this Finance Board for your numerous hours of work on behalf of the citizens of Bristol. Your attendance during evening meetings of public hearings and workshops regarding this budget, in addition to regular meetings shows your enduring voluntary commitment to your City.

I would be remiss on behalf of the Board if I didn't thank our Comptroller, Glenn Klocko, Chief Accountant, David Bertnagel, Accountant, Jeanne Doerr, and Assistant to the Comptroller, Jodi McGrane, for guidance and assistance to the Board in this process. Again, many, many thanks.

### **IN CONCLUSION:**

The annual budget process is a dynamic process that provides the City of Bristol with the opportunity and means to review past accomplishments and evaluate goals and objectives for the future. The Mayor, the City Council, and Department Heads came together, as a team, at a number of hearings and workshops to address and meet the challenges of this budget year. We will look forward to the successful implementation of this budget and to the challenges of next year's budgetary process.

Respectfully submitted,



Richard Miecznikowski  
Board of Finance Chairman

# **Comptroller's Budget Message**

## **To the Citizens, Taxpayers, and Businesses of Bristol, Connecticut,**

It is my pleasure to present this 2013-2014 budget message and budget document for review. It is the culmination of months of effort on the part of many. Elected officials, people appointed to Boards and Commissions of the City, management and staff employees worked diligently to present this document in its completed format.

This letter provides a concise overview of the City's approved 2013-2014 budget. The budget is balanced for all funds and was approved by the Joint Board of the City Council and Board of Finance on June 6, 2013. This date represents an approved delay in approval from the normal third Monday in May to have better knowledge of State grants due the City. The State approved its budget June 5. The approved budget for all funds is \$205,888,663, with the General Fund portion of the budget on which the mill rate is primarily based, is \$180,665,930. There is a .60 mill rate increase based on an equalized mill rate base of 32.90, due to revaluation.

The budget process started with a December Mayoral "kick-off" meeting in the Council Chambers with Department Heads. All City officials were invited to attend.

### **Budget - Early Preparation Stage**

Mayor Ward expressed to Department Heads at the December kick-off budget meeting his concerns, priorities, and goals for the upcoming budget session.

The Mayor stressed how the State of Connecticut budget affects the City of Bristol's grants. As previously stated, the City will approve its budget the day following the State budget approval. The Mayor asked that all Departments keep their budget increases in a zero to two percent range. It turned out that almost all departments were able to keep their increases at or very close to a zero increase compared to the prior year, in spite of increases in areas such as utilities that are out of direct departmental control.

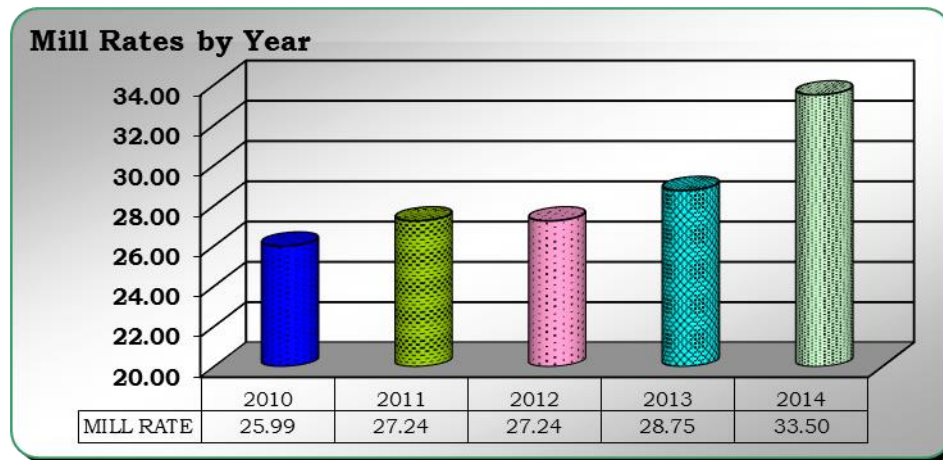
Surprisingly, Connecticut is in its fifth year of a recessionary economy. There have been some signs of improvement in home sales, but unemployment remains around 8% and housing foreclosures are still at out-of-ordinary levels.

Since capital items with the General Fund have been, for the most part, significantly reduced or eliminated, the Mayor asked the larger Departments to review their capital item needs i.e. trucks, police cars, and maintenance equipment and include them in their budget requests. Capital Outlay requests totaled \$1,118,785 on the City side, excluding Board of Education. Public Works requests of \$700,000 were approved, but the remaining requests were funded within the City's Equipment Building Sinking Fund. The Mayor also indicated the 10 year Capital Improvement Plan (CIP), which incorporates the Capital Budget, will be reviewed for approval along with the operating budget, to gain the total impact of the state of the City's finances. The tab labeled 'Capital Budget Summary' contains the Capital Budget and CIP information for 2013-2014.

### **Balanced Budget**

The fiscal year 2014 operating budget is balanced financially and philosophically. It embraces many tenets that are reviewed in this budget message. It is the desire of this administration, through this budget, to advance the quality of life for residents of the City of Bristol.

**MAJOR HIGHLIGHTS OF THE 2013-2014 BUDGET**



**Shown above are the City of Bristol mill rates for the last five budget years**

**Economic Forecast: Recession Continues**

Each year the Economic Forecast is prepared by the City's Purchasing Agent. The forecast is used year-to-year to provide a consistency factor for departments estimating operating costs contained within the various budgets. If actual costs are higher than estimated, budgetary adjustments will be necessary during budget implementation.

**State Budget**

The final adopted state budget saw State grants decrease in total by \$143,875 for the City. The State increased the City's Educational Cost Sharing grant, the City's largest State grant. The increase was \$1,105,841 and was termed as an "alliance grant." These funds go directly to the Board of Education because the City's educational system was determined to be 'under performing' by State standards. In addition, the Town Aid Road grant amount doubled from \$333,100 to \$666,200. Other grant increases totaling \$679,570 were for several sources: State property reimbursement \$13,130, Hospital tax reimbursement \$49,655, Pequot-Mohegan Casino revenue sharing \$105,020, Public School Transportation grant \$399,450 and Non Public School Transportation grant \$112,315. The one piece of significant news is the State eliminated the grant to Cities and Towns for reimbursement of manufacturing company's inventories that were not locally taxed. Bristol's participation in the State grant reimbursement was previously at \$1,000,000. As mentioned, it is now zero.

**Mill Rate: Result of Budget Deliberations**

The 2012-2013 mill rate was 28.75, but due to revaluation the equalized mill rate is 32.90. The mill rate was increased by .60 mills to 33.50. Last year, the mill rate had increased by 1.51 mills.

Perhaps the most debated budget was due to increasing the funding for the Board of Education which results in increasing the Minimum Budget Requirement (MBR) as required by State statute. An in depth analysis of fiscal year 2013-14 funding for Education is discussed on page 16.

## **Transmittal Letter – (continued)**

Since a majority of City departments came in with increases at or very close to zero, their budgets were approved as presented. It was the feeling of City officials that the departments have operated for years within very financially tight budgets, and as recognition of this year's adherence to Mayoral guidelines, further reductions were unwarranted.

On other City operations, the Mayor continued to freeze most open/vacant employee positions in the existing year and for the upcoming budget year. All overtime was strictly monitored and any significant expenditure of overtime required advance Mayoral approval. Motor fuel usage was closely monitored and cost savings and usage measures were implemented, which remain ongoing.

## **OTHER HIGHLIGHTS**

### **Revenue Sources:**

#### **Forecasting**

Revenue forecasting involves the use of analytical techniques to produce estimates of the inflow of resources in the future.

Revenues of the City are annually forecasted (estimated) based on revenue type, growth pattern, underlying historical assumptions, as well as revenue reliability and validity of the estimates. Our forecasting uses a combination of three to five year trend analysis, consensus, and human judgment (as opposed to random guessing) methods. The underlying assumptions for each major source of revenue are identified and documented. The Comptroller's Office works closely with department heads responsible for revenue estimates to identify any changes in local, regional, or national economic conditions, citizen demands, as well as changes in professional associations' guidance relative to revenues, and changes in state and local government programs and policies. Changes in the City's political environment are also considered. All assumptions, when identified, must be reasonable, valid, and current. Obviously, obsolete assumptions due to changing conditions are identified and no longer considered. Most current revenue estimates remained flat at prior year levels for the fiscal 2013-2014 budget estimates.

Readers may find it an interesting fact that taxes levied and intergovernmental revenues (State & Federal grants) comprise 97% of all 2013-2014 City General Fund estimated revenue sources.

#### **Taxes (70% of all revenues)**

The combined current and prior tax levy increased by \$2,013,495 due to the mill rate increase of .60 mills. The City of Bristol tax collection rate was 98.74% at June 30, 2012.

#### **Intergovernmental (27% of all revenues)**

Cities rely heavily upon intergovernmental revenues (State & Federal grants) to balance their budgets. Bristol is no exception to that fact. The total grant revenue Bristol receives decreased by \$153,875. That decrease contributed to the .60 millage increase for fiscal year 2013-2014.

#### **Federal Grants**

Federal grants have been shrinking over the past several years. Nevertheless, any grant is important to the City. Federal grants are a very small portion of the overall 2013-2014 grant picture of the City at \$65,765 in estimated grant awards.

## **Transmittal Letter – (continued)**

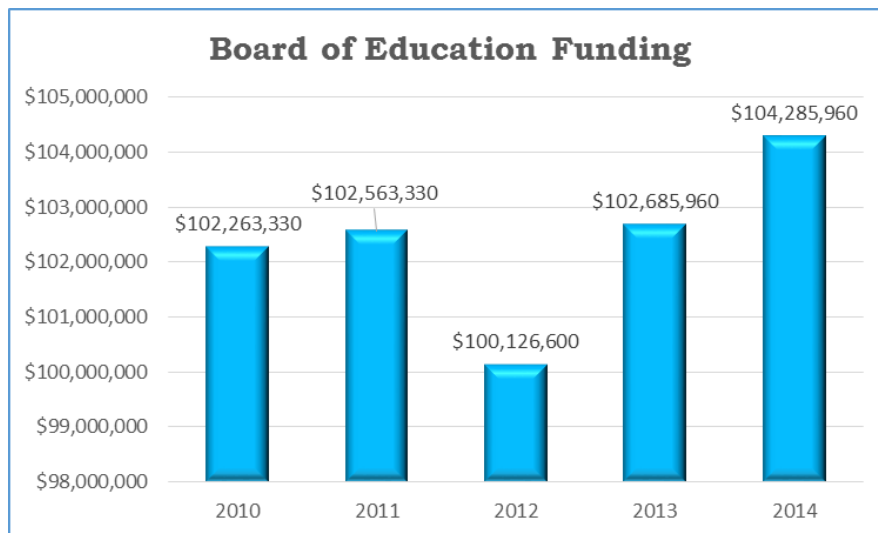
### **Appropriations (Expenditures):**

It is said that budgeting is not an exact science. The structural-balance concept in budgeting seeks to ensure that stable and reliable delivery of public services is the goal of the budget process.

The following factors were significant components within the appropriation side of the budget this year:

- A significant pending State deficit puts a large degree of uncertainty on its effect to Bristol's State grant revenue projections.
- Larger departments such as Parks & Recreation, Libraries and the Fire Department all saw decreases to their budget.
- The Police Department had a minor increase of 2.21% due to an arbitration settlement of the Local 754 Union Contract.
- The General Government section decreased by 1.38%.
- The largest increase was realized by the Miscellaneous Section of the budget at 7.72%, which includes funding for City insurances, Property, Auto, Liability. Health Insurance increased 11.2%.
- All controllable appropriations remained at prior levels
- Use of Fund Balance to balance the operating budget was reduced from \$625,000 to \$495,000.
- Funding for education increased \$1,600,000 from \$102,685,960 to \$104,285,960. The next page graphs Board of Education approved funding levels since fiscal year 2010.

## **Education**



**Shown above is the Joint Board approved funding for the Board of Education for the last five budget years**

Education funding increased by \$1,600,000, which also increases the MBR level required by the State.

### **Transmittal Letter – (continued)**

The year's final approved funding level for the Board of Education was certainly financially interesting and varied from past approval processes. This year's funding had several unique components.

First, the Board of Education budget was increased by \$1,600,000 which increases the minimum budget requirement, a state statute that mandates a Board of Education budget, at a minimum, must be funded to at least prior year levels. Any increase to the budget increases the following years MBR. \$1,200,000 of the increase came from mill rate and \$400,000 was funded by increasing a like amount in the General Fund for the Excess Student Cost grant.

There were two additional sources of Board of Education funding that did not affect the MBR. The first was a State allowed use of up to one percent of fiscal-year end surpluses that the school system would normally return to Fund Balance. Per Connecticut state statute, 10-248a for unexpended education funds, the State allows for the fiscal year ending June 30, 2011 and each fiscal year thereafter, the Board of Finance in each town may deposit into a nonlapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided such amount does not exceed one percent of the total budgeted appropriation for education for such prior fiscal year. Funds in the amount of \$1,026,859 or one percent of the Board of Education's 2012-13 budget were available and set aside in the Sinking Fund by formal Board of Finance approval and available for future use. The second source not affecting MBR was \$800,000 of 2011-12 Board of Education surplus funds at fiscal year-end. Those funds were also set aside for future use.

In summary, the BOE budget is as follows

Approved budget 2012-2013	\$102,685,960
Increase to MBR	<u>\$ 1,600,000</u>
Approved budget 2013-2014	\$104,285,960

Other Funding Sources- not affecting MBR

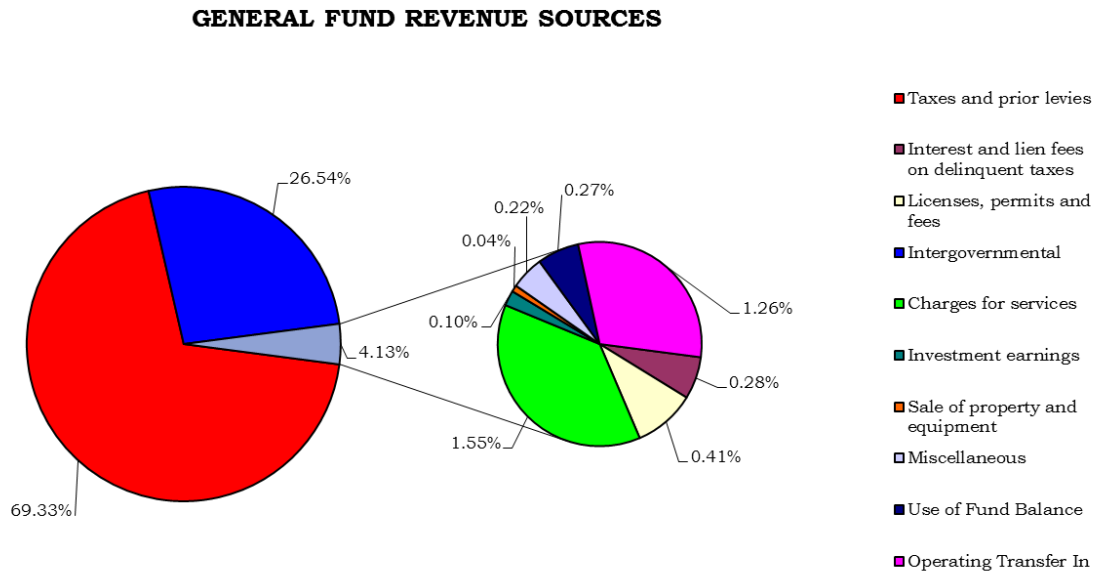
1% Agreement (2012-2013 Surplus)	\$ 1,026,859
2011-2012 Surplus Funds	<u>\$ 800,000</u>
Additional Funds Available for Education	\$ 1,826,859

For further commentary on the Education Departments service efforts, please turn to the 'Board of Education' tab.



**Transmittal Letter – (continued)**

**PROFILES OF THE APPROVED 2014 OPERATING BUDGET BY FUND**



**FISCAL IMPACT**

**OPERATING BUDGET: GENERAL FUND**

Even with significant appropriation reductions, the City of Bristol's General Fund continues to support the majority of the City's public services including police, fire, public works, general government, parks & recreation, libraries, debt service, and other miscellaneous items. The 2013-2014 General Fund operating budget reflects an increase of \$3,779,620 or a 2.14% increase over the 2012-2013 General Fund approved budget.

**Contingency**

Perhaps the most unpredictable yet probably highly favorable budgetary impact account is the General Fund Contingency appropriation. Each fiscal year, City officials "worry" if the funding level will be sufficient to handle emergency expenditures for a bad winter storm year or unforeseen emergencies. A Contingency account provides the first line of defense to any potential use of the City's fund balance levels. The Contingency line received level funding at \$1,000,000.

## **Transmittal Letter – (continued)**

### **Public Works**

Overall, the Public Works budget had a nominal increase of 0.45%, the lowest in several years. The following funding strategies were adopted by the Board of Finance in 2009-2010 for future snow removal, fleet and road overlay budgets:

<b>Fleet</b>			
<b>Year</b>		<b>Base</b>	<b>\$15,000</b>
<b>1</b>	<b>09-10</b>		\$15,000
<b>2</b>	<b>10-11</b>		15,000
<b>3</b>	<b>11-12</b>	385,000	400,000
<b>4</b>	<b>12-13</b>	150,000	550,000
<b>5</b>	<b>13-14</b>	150,000	700,000
<b>6</b>	<b>14-15</b>	150,000	850,000
<b>7</b>	<b>15-16</b>	150,000	1,000,000

<b>Snow Removal</b>			
<b>Year</b>		<b>Base</b>	<b>\$779,200</b>
<b>1</b>	<b>09-10</b>		\$779,200
<b>2</b>	<b>10-11</b>	40,000	819,200
<b>3</b>	<b>11-12</b>	60,000	879,200
<b>4</b>	<b>12-13</b>	80,000	959,200
<b>5</b>	<b>13-14</b>	100,000	1,059,200
<b>6</b>	<b>14-15</b>	120,000	1,179,200

<b>Roads</b>			
<b>Year</b>		<b>Base</b>	<b>\$935,000</b>
<b>1</b>	<b>09-10</b>		\$935,000
<b>2</b>	<b>10-11</b>	150,000	1,085,000
<b>3</b>	<b>11-12</b>	200,000	1,285,000
<b>4</b>	<b>12-13</b>	250,000	1,535,000
<b>5</b>	<b>13-14</b>	300,000	1,835,000
<b>6</b>	<b>14-15</b>	350,000	2,185,000
<b>7</b>	<b>15-16</b>	400,000	2,585,000

The Board of Finance took a one year “hiccup” on two of the funding strategies. The Snow Removal appropriation was funded at \$1,000,000 rather than \$1,059,200 and Roads was funded at \$1,735,000 rather than the scheduled \$1,835,000. The Fleet budget followed the seven year strategy with funding at \$700,000.

## **THE FUTURE OUTLOOK**

### **Long-Term Goals and Objectives**

The City faces the challenge of meeting infrastructure and equipment needs with limited resources.

The Mayor has established a Task Force on Budget and Efficiency to seek long-term savings or sources of increased revenues within the budget. Each department was asked to come before the Task Force with suggestions or ideas. Any short term suggestions were also addressed. Many ideas were brought forth for future consideration due to implementation time constraints in the budget under review. One suggestion was to update our building permit fees to be comparable yet competitive with surrounding communities. That fee structure is now under policy review. The Task Force is expected to continue its work in the following budget year.

## **Transmittal Letter – (continued)**

With its long-term financial goals and objectives in mind, the City develops and prepares a Capital Improvement Program (CIP) that is a forward looking multiyear plan identifying capital projects to be funded during the planning period. The Capital budget represents the first year of the CIP. The CIP and Capital Budget also serve as links to the City's planning process in other ways. The CIP is developed in concert with the City's Comprehensive Land Use Plan, its Debt Management strategy, the City's downtown redevelopment plans, and a multi-year plan to refurbish the City's parks. This year the CIP was reviewed in depth. Last year, it was expanded to become a 10-year CIP Plan. Previously it was a 5-year plan.

## **Financial Goals and Objectives**

In addition to the formal long-term planning process, City administration from time to time adopts a set of informal long-term goals and policies. Increasing expenses related to snow removal, fleet replacement and road upgrades are on-going financial problems. Presented on the previous page are three informal five to seven year funding policies which increase appropriations for the three aforementioned programs.

## **Non-Financial Goals and Objectives**

The City is expected to continue its review of programs and services in light of the rising costs of providing a wide variety of services to the community.

# **BUDGET DOCUMENT**

Much of the format and content of this document changes year-to-year. This is due, in part, to changing administrations, changes in local fiscal priorities, changes in State grant funding levels, and certainly economic changes on local, regional and national levels.

In addition, to keep pace with related changes in financial statement requirements, the Government Finance Officers Association (GFOA) Budget Awards Program criteria incorporates annual mandatory changes to the budget document that must be addressed each year by City management and staff and noted on the application for peer review. This is a GFOA Award winning document with regard to the GFOA's criteria. The appropriate changes have been made based on criteria and suggestions from budget award reviewers to match current award standards.

I encourage all City Officials and employees to use this document year-round. This document moves beyond the traditional concept of line item expenditure control, and provides information to managers that can lead to improved program efficiency and effectiveness with its format. Under the criteria established by the GFOA Distinguished Budget Award Program, our document is a staff and citizen's useable policy, objective, and goal-orientated document. It focuses budget decisions on results and outcomes, incorporates a long-term perspective and lastly, we believe it is an easy to read and understand communication device for interested parties.

## **Transmittal Letter – (continued)**

### **Review and Award Process**

After a preliminary screening, eligible budget documents are sent to three independent reviewers, who are members of GFOA's Budget Review Panel. To receive the award, a budget must be judged proficient in all four major award categories as well as all "mandatory" criteria by two of the three reviewers. Those budgets that are rated "outstanding" by all three reviewers in any of four major award categories, receive special recognition. Budgets are categorized by size and assigned to reviewers based on their experience and familiarity with reviewing documents of a similar size. Reviewers operate independently of GFOA officers and staff. The identities of reviewers to whom particular budgets are assigned for review are kept confidential. We believe this budget document will be favorably judged to continue to receive the GFOA's Budget Award on behalf of the City. Every attempt is made by staff to incorporate all past reviewers' suggestions into the current document.

### **ACKNOWLEDGEMENTS**

The annual budget process provides the community with the opportunity and means to review past accomplishments and enunciate collective goals and objectives for the future.

It is with great pleasure that I present this completed and City approved budget to the reader. A conscious effort was made by staff to make it a readable and useable document. Suggestions for improvement are always welcome.

Most City officials believe that once our City budget is approved the process is over for another year. This is far from true. It is actually the start of a 90-day document preparation, criteria review, rewriting, proofing, and finalized cross-checking for accuracy process. With that said, I would be remiss if I did not extend a special thank you to David Bertnagel, Chief Accountant, Jeanne Doerr, Accountant, and Jodi McGrane, Assistant to the Comptroller, all from the Comptroller's office, for their seemingly endless efforts in continuing to contribute to producing this GFOA award-winning document on behalf of the citizens, taxpayers, and elected and appointed officials of the City of Bristol.

Respectfully submitted,



Glenn S. Klocko  
Comptroller